

March 20, 2002

APP-7:FO:TP:CC:SM: PF

TO : Directors, Field Operations

FROM : Executive Director, Trade Programs
Office of Field Operations

SUBJECT: Information Notice for All Filers, Steel Importers and Other
Interested Parties Relating to Increased Tariffs for Some Steel
Products

Background

On December 19, 2001, the United States International Trade Commission (ITC) transmitted to the President a report on its investigation of the Trade Act of 1974, as amended (the "Trade Act") (19 U.S.C. 2252), with respect to imports of certain steel products.

The ITC reached affirmative determinations under section 202(b) of the Trade Act that some steel products are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat of serious injury, to the domestic industries producing like or directly competitive articles. Of the 33 product categories reviewed, 16 were found to be harmful.

On March 5, 2002, the President signed into effect a comprehensive relief program on steel imports, mostly in the form of 30 percent tariffs (with some smaller increases) and a quota on slab products. This notice is to advise the steel importing community that the remedy will go into effect on March 20, 2002 at 12:00 a.m. EST.

Steel imports have been under a White House requested investigation by the International Trade Commission for over a year now, with reports, discussion, negotiations, petitions and consultations with domestic producers, importers and import organizations, domestic agencies, political representatives, foreign governments, foreign producers and the media. Therefore, Customs expects importers and filers to exhibit a high level of reasonable care and high compliance with the new import requirements on steel.

1. Duty Rates

Detailed information concerning the Steel Section 201 remedy is posted on the United States Trade Representative website at www.ustr.gov. The most important reference material is the annex to the HTS Chapter 99, which shows specific details concerning this remedy. Importers and filers should review this document carefully before making entry on or after March 20th.

To summarize the key points of the annex, importers and filers will continue to classify their steel imports under chapters 72 and 73, as they did prior to the remedy. However, the new Chapter 99 HTS numbers will now be reflected as the primary HTS for most steel imports, with the Chapter 72 or 73 HTS reflected as the secondary number.

The presidential proclamation covers 14 product categories that represent thousands of specific steel products.

- Most products are covered by 30 percent tariffs, with a smaller number ranging from 8-15 percent.
- One regional Tariff Rate Quote (TRQ) on slab products imposing a 30 percent duty increase once the quota is filled for a specific country or region.
- All duty rates reduce annually over a period of 3 years, depending on the category.

2. Exclusions

- Canada, Mexico, Israel and Jordan are excluded from the remedy
- 99 “developing countries” are also excluded, with some HTS specific exceptions.
- Numerous product specific exclusions, with new chapter 99 HTS numbers.
- Additional product exclusions may be added to the list as the applications are reviewed by the USTR.
- The trade is required to present mill certificates and other supporting documents to substantiate any claims for exclusion by product or commodity.

3. Examples of Exclusions

The following are three scenarios describing the most probable import situations:

- A.** Exclusions by country - Steel originating from an excluded country listed in note 11(d) of Chapter 99, does NOT require a HTS number from Chapter 99. The Chapter 72 or 73 HTS number will be reported, along with the country of origin information qualifying the goods for exclusion from the remedy.
- B.** Exclusions by product – Steel originating from a country NOT excluded from this remedy, but it is listed as one of the specific product exclusions in note 11(b) of Chapter 99, you MUST use the heading 9903 HTS that corresponds to your specific product in order to avoid paying the higher rate of duty. The corresponding chapter 72 or 73 HTS MUST be used as the secondary HTS number. Also note that the "x" number in the chapter notes and HTS descriptions corresponds to the exclusion submissions detailed on the USTR website.
- C.** Goods not excluded by country or not listed as one of the specific excluded products - You MUST use the appropriate heading 9903 number listing the increased duty rate, in combination with the appropriate chapter 72 or 73 HTS number.

4. Steps for Filing an Entry and Payment of Duties

Entries can be filed using the ABI system, but your systems will only be able to accomplish this if you have programmed in all of the new 99 numbers.

A. ABI Entries

- Entry will not be in an accept status until all payments have been collected.
- As the money comes in on the deferred date, entry will collect as additional duties against the entry number.
- Additional duty (201) should be referenced on the 7501 but will not be paid initially. The duty will be deferred for the following period:
 - 1) The filer must defer until April 19, 2002, the deposit of the estimated Customs duties described in the Proclamation on those products entered, or withdrawn from warehouse for consumption in the Customs territory of the United States on or after 12:01 a.m., EST, March 20, 2002, and up to April 4, 2002.
 - a) The additional duty will be referenced on the 7501, but not collected initially
 - b) No interest will be collected on the duty deferral

- Mill certificates will be presented with every entry summary. If claiming an exclusion, additional supporting documentation should substantiate the claim for exclusion by product or commodity.
- Chap 72 & 73 entries will have a corresponding 99 HTS as needed.
- As the money comes in on the deferred date, entry will collect as additional duties against the entry number. This will remove the entry from the unpaid-reject report and put the entry into an accepted status.
- One check can be submitted for multiple entries. The broker/importer will provide a cover letter itemizing the breakdown of each entry that the check applies to and what amounts are to be applied to each. An example follows:

Example:

Entry Number 123-1234567

\$ 2,500.00	Applicable Duties Chapter 72 and 73
\$25.00	MPF
\$35.00	HMF
\$10,000.00	(201 Duty)
\$12,560.00	Total

- When 201 duties are tendered, entry will collect the money as additional duties against the entry number, retrieve the original entry summary from the Import Specialist and attach a copy of the cover letter to the appropriate entries
- If 201 deferred duty payments are not received by April 19th, Entry will issue liquidated damages.

B. Non-ABI Entries

- The entry section will be manually routing all non-ABI entries each day and sorting out the Chapter 72 and Chapter 73 entries. These entries will be immediately routed/delivered to the appropriate Import Specialist team. Flagging these entries will help with the dissemination of entries.
- If one check is submitted for multiple entries, you will provide a cover letter itemizing the breakdown as follows:

Example:

Entry Number 123-1234567

\$ 2,500.00	Applicable Duties Chapter 72 and 73
\$ 25.00	MPF
\$ 35.00	HMF
\$10,000.00	(201 Duty)
\$12,560.00	Total

- When 201 deferred duties are tendered, entry will collect the money as additional duties against the entry number, retrieve the original entry summary from the Import Specialist and attach a copy of the cover letter to the appropriate entries.
- If 201 deferred duty payments are not received by April 19th, Entry will issue liquidated damages.

C. Quota Entries

The comprehensive relief program on steel imports establishes a temporary tariff rate quota on steel slabs other than those made of stainless steel or tool steel provided for in Chapter 99 subchapter III of the HTSUS. The quota is in effect for 3 years plus one day commencing on March 20, 2002.

There is a tariff-rate quota on semi-finished slabs under heading 9903.72.30 through 9903.72.48. Shipments subject to the quota should be entered as entry type "02, 07, 12, 23 or 38" and with the appropriate heading 9903 and chapter 72 HTS numbers. Care should be taken to monitor the weekly quota bulletins on the Customs Electronic Bulletin Board on the Customs website at www.customs.gov.

Information on quota entries can be found on QBT notice #2002-516 entitled "Establishment of Tariff Rate Quota (TRQ) on Carbon and Alloy Steel Slabs and Opening of Quota Period".

5. Foreign Trade Zones

In order to establish increases in duty and a tariff rate quota on imports of certain steel products described in paragraph 7 (other than excluded products), subchapter III of chapter 99 of the HTS is modified as provided in the Annex to the proclamation. Any merchandise subject to a safeguard measure that is admitted into U.S. foreign trade zones on or after March 20, 2002 must be admitted as "privileged foreign status" as defined in 19 CFR 146.41 and will be subject upon entry to any quantitative restrictions or tariffs related to the classification under the applicable HTS subheading.

6. Requests for Classification and Country of Origin Rulings

In order to be certain of the classification of their goods, correct country of origin related to processing, or whether goods qualify for exclusion, importers should follow Customs Binding Ruling policy and request a ruling on their merchandise.

All requests for classification rulings should be addressed to:

U.S. Customs Service
One Penn Plaza, 10th Floor
New York, NY 10119
ATTN: Paula Ilardi, NIS
(646) 733-3020

7. Enforcement

Customs expects a high level of reasonable care and compliance. The current steel remedy does not supercede or cancel any existing remedy such as quotas, anti-dumping or countervailing duties, nor does it supercede the existing duty rates listed in chapter 72 and 73 of the HTSUS. All such duties, fees and collections are cumulative.

Please ensure that bond guidelines are reviewed and that adequate bond coverage exists for each of your entries.

8. Information Dissemination

Additional information will be posted to the Customs website at www.customs.gov, as it becomes available.

9. Action

Please pass to all filers, steel importers and other interested parties. A separate notice has been sent the field with specific processing instructions.

Should you have any questions regarding this initiative, please contact your local Import Specialist. If you need additional help, please contact Patricia Fitzpatrick at (202) 927-1106 or Debbie Scott at (202) 927-1962.

/s/

Elizabeth G. Durant

Reference Material

List of Topics on USTR Website related to Steel

<http://www.ustr.gov/sectors/industry/steel201/background.htm>

Presidential proclamation

<http://www.whitehouse.gov/news/releases/2002/03/20020305-7.html>

Annex to the Presidential Proclamation

<http://www.ustr.gov/sectors/industry/steel201/2002-03-05-annex.PDF>

Steel Remedy List

<http://www.ustr.gov/sectors/industry/steel201/2002-03-05-201remedy.PDF>

Developing Countries Excluded/Not Excluded from Remedy List

<http://www.ustr.gov/sectors/industry/steel201/2002-03-05-exclusions.PDF>

Components of the Presidents Decision

<http://www.ustr.gov/sectors/industry/steel201/2002-03-05-background.PDF>